

APD 101

SACWIS Advance Planning Document (APD) Process



Presentation Overview

- ◆ APD/APDU Basics
- ◆ Cost allocation
- ◆ Approval process
- ◆ References



APD/APDU Basics

Purpose of an APD

- ◆ The document states use to:
 - Request federal financial participation (FFP);
 - Present a business case and plan to support federal expenditures for information technology (IT) acquisitions;
 - Demonstrate they have conducted all appropriate IT project planning; and
 - Establish they will allocate sufficient resources and utilize disciplined processes to achieve project objectives.



Types of APDs

◆ Two major types:

- Planning APD (PAPD) - a written plan of action which requests FFP to determine the need for, feasibility, and cost factors of an ADP services or equipment acquisition.
- Implementation APD (IAPD) - a written plan of action which requests FFP to acquire the proposed ADP services or equipment.



Planning APD

- ◆ Used to initiate planning for major IT acquisitions, such as large-scale system development projects, and large volume equipment acquisitions.
- ◆ Describes the planning processes a state will conduct.
- ◆ A brief document – 6 to 10 pages.



Elements of a Planning APD

- ◆ Problem/opportunity statement
- ◆ Project management plan
- ◆ Planning budget
- ◆ Estimated total project cost and cost sharing methodology
- ◆ Commitment to conduct various studies
- ◆ Commitment to define state's functional requirements



Planning APD

◆ Problem/Opportunity Statement

- Identify business problems the state believes can only or substantially be solved through an IT acquisition and implementation.
- Identify business opportunities that could be realized only through an IT acquisition implementation.



Planning APD

◆ The Project Management Plan

- Description of skills/resources needed, and whether state and/or contractor resources will be used
- List of key personnel and their positions
- Planning team organizational chart
- Planning activities and their deliverables
- Procurement activities
- Project schedule



Planning APD

- ◆ Project Management Plan activities must reflect state's commitment to conduct:
 - Needs assessment
 - Feasibility study
 - Alternatives analysis
 - Cost benefit analysis
 - Functional requirements specification/general system design



Planning APD

- ◆ Other activities may include:
 - Developing request for proposals (RFPs) and conducting procurements for:
 - ◆ System design, development and implementation services;
 - ◆ Quality assurance/control services;
 - ◆ Independent verification and validation (IV&V) services;
 - ◆ Project management support;
 - ◆ Document generation support; and
 - ◆ Developing the Implementation APD



Planning APD

◆ Budget

- Spreadsheet showing planning costs by fiscal quarter and year, totaling all columns and rows;
- Show federal, state, and local shares separately by program area;
- Separate SACWIS from non-SACWIS federal share; and
- Major categories of costs include, but may not be limited to, state/local staff, contractors (by contract), hardware, software, data center services, training, travel, miscellaneous/supplies.



Implementation APD Contents

- ◆ Description of the activities completed under a Planning APD
- ◆ Statement of Needs and Objectives
- ◆ Requirements analysis
- ◆ Security plan
- ◆ Feasibility study
- ◆ Alternatives analysis (including transfer)
- ◆ Project management plan



Implementation APD Contents

- ◆ Personnel resource requirements
- ◆ Detailed description of nature and scope of tasks, deliverables, and how tasks will be accomplished
- ◆ Proposed activity schedule
- ◆ Budget
- ◆ Cost Allocation Methodology
- ◆ Cost Benefit Analysis



Implementation APD

◆ Executive Summary

- Overview of expectations/goals
- Statement of executive support
- Summary of planning activities (PAPD results, if submitted)
- Summary of any requests for prior approval exemptions
- Total project cost estimate
- Summary of initial funding request



Implementation APD

- ◆ Statement of Needs and Objectives
 - Describe in detail the business problems the IT acquisition will solve, in whole or in part; and
 - Describe in detail the business opportunities the IT acquisition will provide.
- ◆ Focus especially on problems that could not be solved or opportunities that could not be gained without the IT acquisition.



Implementation APD

- ◆ Requirements Analysis must describe in detail all:
 - Functional requirements, including all interfaces; and
 - Technical requirements, including security requirements



Implementation APD

◆ Security

- Description of IT Security Plan (covering IT custom applications, IT hardware & COTS software, Facilities, Personnel)
- Description of IT risk analysis (scope, data access, physical plant, personnel, frequency)
- Description of IT Disaster Recovery and Business Continuity Plan and its testing
- Identification of IT Security Officer



Implementation APD

◆ Feasibility Study

- Assess feasibility of IT solution as problem solver and opportunity enabler; and
- Assess feasibility of state having the capacity to manage and complete the IT acquisition and implementation successfully.



Implementation APD

◆ Alternatives Analysis

- What alternative IT solutions were assessed (wide range)?
- What alternatives were omitted and why?
- What made the chosen alternative the best IT solution for the state?



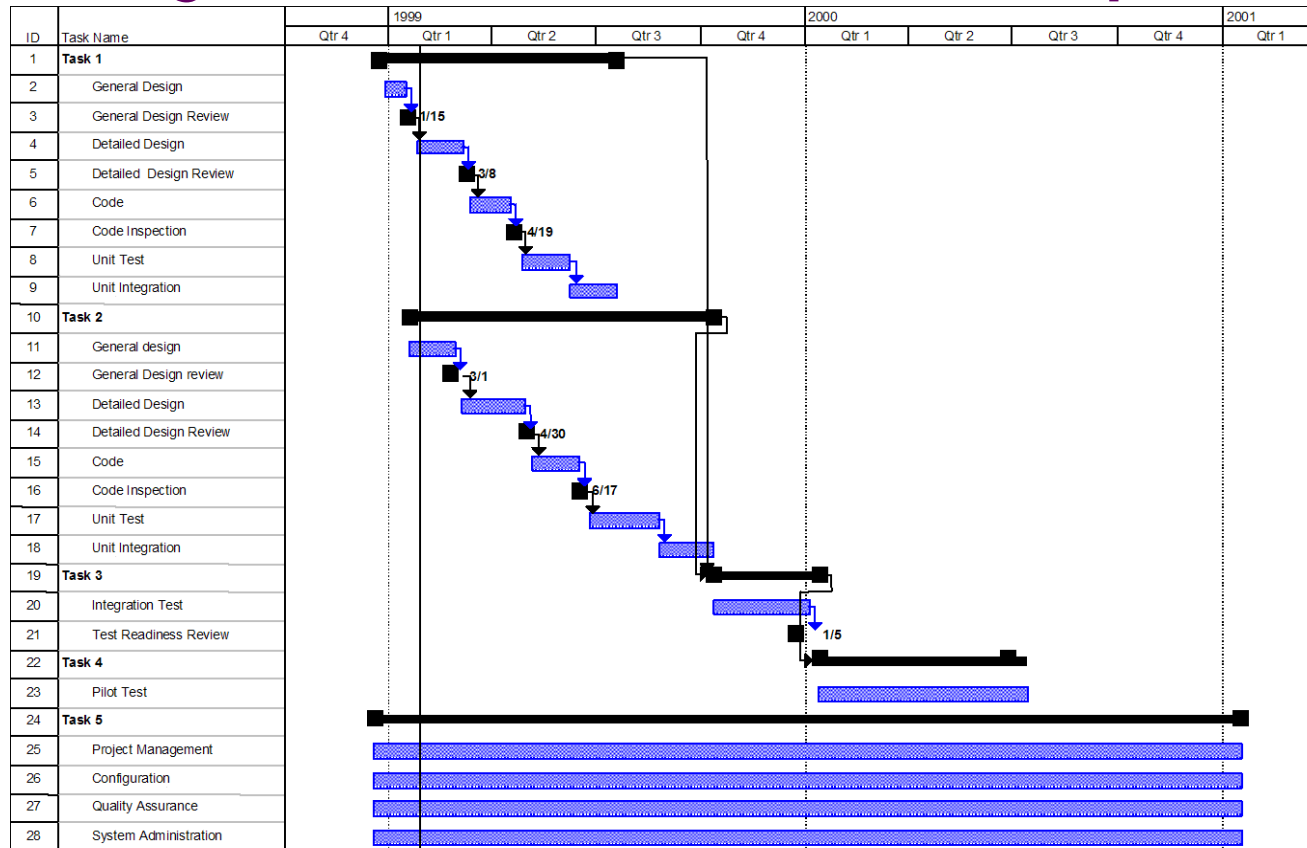
Implementation APD

◆ Project Management Plan

- Task-oriented project activities listing (by module/function) broken out by quarter
- Project schedule by lifecycle phase (GANTT, PERT)
- Non-task specific items can be shown as separate continuous tasks (e.g., configuration mgt)
- Resources statement (key staff, QA/IV&V, state vs. contract staff, organization charts)
- Procurements (describe purpose and procurement method)



Project Schedule Example



Implementation APD

◆ Key Definitions

- **Development** – the definition of system requirements, detailing of system and program specifications, programming, and testing.
- **Operations** – the automated processing of data used in the administration of state plans for the applicable program(s).



Implementation APD

◆ Budget

- Separate budget costs by:
 - ◆ Development vs. operations;
 - ◆ Fiscal Quarter and Year (FY);
 - ◆ By funding source
 - Each federal funding source
 - State
 - Local



Implementation APD

◆ Budget

- Line items should reflect tasks in the project plan (broken out by state vs. contractors, plus QA/QC and travel where applicable);
- Other costs should be separate lines (e.g., hardware, software, QA, travel, training);
- Show costs by quarter, and totaled by category/quarter and year;
- Distinguish between enhanced vs. regular rates;
- Cost allocation: identify all funding sources, by individual federal, state and local program;
- Provide a summary showing federal and state share by FFY for entire project, including a line for planning



Project Budget Example

Project Budget (1999)							
	Quarter	Q1	Q1	Q2	Q4	1999	1999
	Funding	Development	Operations	Operations	Development	Operations
Design App							
State		\$6,905.00	\$5,040.00		\$4,780.00	\$34,500.00	\$20,600.00
	Personnel	\$4,000.00			\$3,500.00		
	User Training	\$2,500.00			\$1,000.00		
	Travel	\$405.00			\$230.00		
Contractor		\$3,260.00	\$1,450.00		\$500.00	\$12,800.00	\$6,750.00
	Personnel	\$3,260.00			\$500.00		
	Task Total	\$10,165.00	\$6,490.00		\$10,010.00	\$47,300.00	\$27,350.00
Code App							
State		\$5,400.00	\$3,840.00		\$4,250.00	\$19,770.00	\$17,750.00
	Personnel	\$3,000.00			\$3,000.00		
	User Training	\$2,000.00			\$1,000.00		
	Travel	\$400.00			\$250.00		
Contractor		\$3,200.00	\$8,900.00		\$7,890.00	\$12,500.00	\$33,855.00
	Personnel	\$3,200.00					
	Task Total	\$14,000.00			\$16,390.00	\$32,270.00	\$51,605.00
Total		\$33,105.00	\$26,620		\$27,479.00	\$138,560.00	\$122,835.00
State Share		\$16,552.00	\$13,310.00		\$13,739.00	\$69,280.00	\$61,417.00
Fed Share		\$16,552.00	\$13,310.00		\$13,739.00	\$69,280.00	\$61,417.00

Summary Budget Example

Budget Summary (in thousands of dollars)										
Year	FY2003			FY 2004			FY 2005			Total
	FFP	State	Total	FFP	State	Total	FFP	State	Total	
Planning	450	450	900	0	0	0	0	0	0	900
Implementation	623	623	1,246	4,562	4,562	9,124	1,750	1,750	3,500	13,870
Total	1,073	1,073	2,146	4,562	4,562	9,124	1,750	1,750	3,500	14,770



Implementation APD

◆ Operational Budget

- Show costs by fiscal quarter and year (FY)
- Distinguish project costs broken out by participating program, State, and local funding source (as specified in your approved Cost Allocation Plan)
- Clearly show total project costs, as well as FFP requested where applicable



Summary Budget Example

Operations Budget Summary (in thousands of dollars)								
Year	FY2003		FY 2004		FY 2005		Total	
Benefiting Programs	Costs	FFP	Costs	FFP	Costs	FFP	Costs	FFP
Title IV-E (SACWIS) -- 30% Share FFP Rate -- 50%	0	0	240	120	450	225	690	345
Child Care -- 10% Share FFP Rate -- N/A	0	0	80	0	150	0	230	0
Title XIX -- 10% Share FFP Rate -- 50%	0	0	80	40	150	75	230	115
State Only -- 50% Share FFP Rate -- N/A	0	0	400	0	750	0	1,150	0
Total	0	0	800	160	1,500	300	2,300	460



Cost Allocation

◆ Primary Program Concept –

- The costs of an activity (e.g., the cost to develop an automated system) are allocated to that program as the sole benefiting program (or primary program). Permitted only when the head of a federal agency determines that the enabling legislation requires a program absorb costs that would normally be allocable to other programs.



Cost Allocation

◆ Benefiting Program Concept

- The costs of an activity (e.g., the cost to operate an automated system) must be allocated to all benefiting programs based on the relative benefits derived. Any benefiting program must share in the costs associated with that activity. Where multiple programs benefit, a single program may not normally be designated as the sole benefiting program (or primary program).



Implementation APD

◆ Cost Allocation Plan (CAP)

- Provide an overview of the cost allocation methodology algorithm(s);
- Describe departmental/project cost pools affecting overhead, data center, telecommunications, etc.; and
- Cite any USDHHS Division of Cost Allocation approvals for operational costs.



Implementation APD

◆ Cost Benefit Analysis

- Cost analysis – Include all IT acquisition/project costs, including operational costs;
- Benefits analysis – Include all relevant benefits, both quantitative and qualitative.



Implementation APD

◆ Cost Benefit Analysis (continued)

- State defines the baseline to measure future savings against;
- ACF determines projected cost savings have been achieved;
- Narrative description of costs and all benefits including how they were derived
- Update at least annually to:
 - ◆ Replace estimated costs with actual costs; and
 - ◆ Include additional costs and updated benefits.



Purpose of APD Updates

- ◆ Request approval of project activities and funding;
- ◆ Inform the Federal government about of project status; and
- ◆ Update project-related information.



Types of APD Updates

◆ Two types of APD Updates

- **Annual** - used for providing the official project status updates, requesting continued project funding, and reporting post-implementation costs and benefits
- **As-Needed** - used to report significant changes to the project approach, procurement, methodology, schedule, or costs. Should also be submitted when one or more critical milestones are missed



APD Updates

◆ Required

- Annually

OR, when

- Project costs increase;
- Project Schedule extensions required;
- Scope of project changes;
- Cost allocation methodology or cost distribution changes; or
- Cost benefit projection changes.



Annual APDU Submittal Requirements

- ◆ Submittal required *60 days prior* to the planning or implementation APD approval anniversary and
- ◆ 2-5 years after statewide operation or until ACF has determined projected cost savings have been achieved.



Failure to Submit

- ◆ Failure to submit to the satisfaction of the Department may result in disapproval or suspension of project funding.



Annual APDU Content

- ◆ Executive summary
- ◆ Baseline reference
- ◆ Updated project management plan
- ◆ Project activity schedule
- ◆ Expenditure status report



Annual APDU Content

- ◆ Narrative description of changes
- ◆ Updated budget
- ◆ Cost allocation methodology
- ◆ Cost benefit analysis
- ◆ Other updates as needed



As-Needed APDU

- ◆ Submittal of an As-Needed APDU is required for:
 - Increased project costs;
 - Project Schedule extensions;
 - Scope of project changes;
 - Cost allocation methodology changes or cost distribution;
or
 - Cost benefit projection changes.
- ◆ Must be submitted to HHS no later than 60 days after the occurrence of the change being reported
- ◆ Costs are incurred at the State's risk in the absence of approval



As-Needed APDU

- ◆ As-needed APDU thresholds for all **regular funded** projects
 - Projected cost increase \geq \$1,000,000;
 - Schedule extension > 120 days
- ◆ As-needed APDU thresholds for all **enhanced funded** projects
 - Projected cost increase \geq \$100,000;
 - Schedule extension > 60 days;
 - Change > 10% of estimated cost benefits



As-Needed APDU Content

- ◆ The As-Needed APDU must contain a revised schedule and/or budget to show the change in schedule, cost, or cost allocations
- ◆ The As-Needed APDU must contain supporting documentation to justify the need for changing a previously approved project schedule, cost, milestone, tasking, or procurement approach



APD Submissions

- ◆ Send APDs (via USPS or express courier) for which title IV-E/IV-B is the only federal funding source to:

**Dr. Susan Orr, Ph.D.
Associate Commissioner
Children's Bureau
8th Floor
1250 Maryland Avenue SW
Washington, D.C. 20024**

**Attn: Mr. Terry Watt, Director
Division of State Systems**

- ◆ Send copies to your Regional Office



APD Submissions

- ◆ For multi-OP/DIV APDs within DHHS, send the original to:
 - Office of Administrative Services
Administration for Children and Families
370 L'Enfant Promenade, S.W.
Washington, DC 20447
- ◆ Send one copy to each funding DHHS OPDIV
- ◆ Send at least one copy to your DHHS Regional Office(s)



Approval of APDs

- ◆ Will receive response to submission, either from:

Curtis L. Coy
ACF/OA (multi-OPDIV)
or

Susan Orr, Ph.D.
ACF/ACYF/CB



Approval of APDs

- ◆ The response will:
 - Grant approval (with or without conditions);
 - Disapprove the request; or
 - Defer decision pending submission of additional information.
- ◆ Once approved, the APD becomes part of the “Official” project record



Approval of APDs

- ◆ If no written response received by the state within 60 days
 - The request will automatically be deemed to have provisionally met the prior approval conditions of paragraph (b) of 45 CFR 95.611.



APD Responses Over 60 Days

- ◆ A state can proceed with its project, at its own risk, if it chooses not to wait for DHHS prior written approval; and
- ◆ If DHHS approves the project, it will be eligible for funding from the date of acknowledgement of the APD's receipt.



APD Disapproval

An APD may be disapproved if:

- ◆ The project ceases to comply with the IAPD
- ◆ Not enough resources allocated to the project (including QA)
- ◆ Poor or inadequate project management
- ◆ Ill-conceived project plan
- ◆ The APD requirements are not satisfied



APD Disapproval

When ACF formally disapproves an APD:

- ◆ Federal support for the IT acquisition/project implementation is suspended and
- ◆ No additional FFP will be approved until the APDU is approved.





PRIOR APPROVAL REQUIREMENTS

SYSTEMS AND SERVICES PROCUREMENT

What Needs Prior Approval?

- ◆ Planning APD
- ◆ Implementation APD
- ◆ Acquisition documents:
 - Solicitation documents (e.g., RFP, IFB, etc.)
 - Contract
 - Contract amendment
 - Task Order



Prior Approval Requirements

- ◆ Thresholds for obtaining prior approval vary for Regular and Enhanced Rate projects
- ◆ Once a project is funded at an enhanced rate, it remains an enhanced rate project and is subject to enhanced rate thresholds regardless of the FFP rate that is being requested
- ◆ Thresholds also vary for competitive vs. sole source contracts



Thresholds

	Enhanced Rate	Regular Rate
Planning APD	No Threshold	\$ 5 Million
Implementation APD	No Threshold	Competitive - \$ 5 Million Non-Comp - \$ 1 Million
Contract/RFP	\$100,000	Competitive - \$ 5 Million Non-Comp - \$ 1 Million
Contract Amendment	• \$100,000 or • 60 days	• \$1 Million or • 120 days



What does “Prior” Mean?

- ◆ PAPD/IAPD – before the state initiates the activity
- ◆ Solicitation Document – prior to the release of the solicitation document
- ◆ Contract – before the state (or county) executes the contract



Sole Source "Prior Approval"

- ◆ Criteria for Sole Source approval are:
 - Single source
 - Public exigency
 - Federal agency authorization, or
 - Solicitation attempted, but failed



Consequences of Not Obtaining Prior Approval

- ◆ Federal Funding is not available for activities undertaken (or work performed) prior to the date of Federal approval



Exemption – Acquisition Checklist

- ◆ May be used for RFP, RFQ, IFB, or similar acquisition documents for low-cost, low-risk acquisitions
- ◆ May not be used for contracts or APDs
- ◆ Procurement must be clearly and fully described in an Approved APD
- ◆ Available online at:
http://www.acf.hhs.gov/programs/cb/laws_policies/policy/im/im0502checklist.htm



Exemption – Acquisition Checklist

- ◆ Submission must include narrative that:
 - Describes the acquisition method and type of contract to result
 - Identifies state agency(s) and stakeholders
 - Describes system characteristics, project scope, life span, benefits, other relevant details
 - Provides a full explanation for each “No” answer to checklist questions



FFP in an Emergency

- ◆ If State not able to request “prior approval,” due to an emergency situation, the State can receive FFP by:
 - Submitting a written request to HHS containing:
 1. A brief description of the acquisition & cost;
 2. A brief description of the emergency situation;
 3. A description of the State’s harm.
- ◆ Request must be submitted before the State acquires ADP Equipment/Services



FFP in an Emergency

◆ Emergency Situation:

- State must demonstrate immediate need to continue operation of the program, **and**
- State must clearly document this need **could not have been anticipated** or planned for and the State was prevented from following prior approval requirements



FFP in an Emergency

- ◆ HHS will provide a written response to State request within 14 days
- ◆ Response will either:
 - Agree that an emergency exists, in which case State can proceed with the project immediately, on condition that it submit an APD for approval within 90 days, **or**
 - An emergency situation warranting waiver of the prior approval does not exist. The State must submit an APD for prior approval.



Closing an APD

- ◆ Provide a final update with a business case:
 - Noting that all agreed upon development work is completed; or
 - Explaining why the system cannot or will not be completed
- ◆ Continue to provide cost benefit updates as needed



Decision to Go Non-SACWIS

- ◆ After determining that the project cannot be completed as a SACWIS, state submits APDU that:
 - Provides the supporting business case for the decision
 - Identifies products and services for which enhanced FFP spent, as well as benefits derived and anticipated from the application as developed
 - Shows total approved, expended and claimed enhanced FFP
- ◆ If state carries on with project, continue to submit APDUs under regular funded project rules



References

- ◆ Title 45 Public Welfare and Human Services Code of Federal Regulations (CFR), Part 1355 – General,
http://www.access.gpo.gov/nara/cfr/waisidx_05/45cfr1355_05.html
- ◆ Title 45 Public Welfare and Human Services Code of Federal Regulations (CFR), Part 1356 – Requirements Applicable to
http://www.access.gpo.gov/nara/cfr/waisidx_05/45cfr1356_05.html
- ◆ Title 45 Public Welfare and Human Services Code of Federal Regulations (CFR), Part 95 – General Administration – Grant Programs (Public Assistance, Medical Assistance, and State Children's Health Insurance Programs),
http://www.access.gpo.gov/nara/cfr/waisidx_05/45cfr95_05.html



References

- ◆ OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*,
http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html
- ◆ ASMB C-10, *Implementation Guide for OMB Circular A-87*,
<http://www.hhs.gov/grantsnet/state/asmbc10.pdf>
- ◆ USDHHS, Administration for Children and Families and Health Care Finance Administration – *State Systems APD Guide*, September 1996,
<http://www.acf.hhs.gov/programs/cb/systems/sacwis/federal.htm>



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- ◆ USDHHS, Administration for Children and Families – *Feasibility, Alternatives, and Cost/Benefit Companion Guide*, July 1993,
<http://www.acf.hhs.gov/programs/cb/systems/sacwis/federal.htm>
- ◆ USDHHS, Administration for Children and Families – *Companion Guide 2: Cost/Benefit Analysis Illustrated for Child Welfare Systems*, May 1996,
<http://www.acf.hhs.gov/programs/cb/systems/sacwis/federal.htm>



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- ◆ Action Transmittal ACF-OISM-001, *Automation of Child Welfare Programs*, February 24, 1995, <http://www.acf.hhs.gov/programs/cb/systems/sacwis/federal.htm>
- ◆ Action Transmittal ACF-OSS-05, *SACWIS Policy Guidance – Interfaces; Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA); Cost Allocation & Other Issues*, August 21, 1998, <http://www.acf.hhs.gov/programs/cb/systems/sacwis/federal.htm>



References

- ◆ Information Memorandum OISM-IM-93-1, *ADP System Security Requirements and Review Process – Federal Guidelines*, October 1, 1992, Information Memorandum OISM-IM-93-1, *ADP System Security Requirements and Review Process – Federal Guidelines*, October 1, 1992, <http://www.acf.hhs.gov/programs/cb/systems/sacwis/federal.htm>
- ◆ Information Memorandum, ACYF-CB-IM-05-02, *Federal/State Information Technology Policy: Optional checklist for states and territories to use in requesting an exemption of prior approval for Information Technology acquisition documents*, May 3, 2005. http://www.acf.hhs.gov/programs/cb/laws_policies/policy/im/technologyindex.htm



References

- ◆ Program Instruction ACYF-CB-PI-06-01, *Requirements and Level of Federal Financial Participation (FFP) Based on Status of a State's Statewide Automated Child Welfare Information System (SACWIS)*, February 16, 2006.

